

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO. 2012-00204
SOUTHEASTERN WATER ASSOCIATION)

ORDER

On May 23, 2012, Southeastern Water Association ("Southeastern Water") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Southeastern Water purchases water from the city of Somerset ("Somerset").

2. Somerset notified Southeastern Water that, effective August 1, 2012, Somerset's wholesale water rate to Southeastern Water would increase from \$2.00 per 1,000 gallons to \$2.50 per 1,000 gallons.

3. Southeastern Water proposes to increase the water rates to its customers effective August 1, 2012.

4. During the 12 months ending February 29, 2012, Southeastern Water purchased a total of 570,778,000 gallons of water from Somerset and sold 300,235,235 gallons. The increase in the cost of purchased water is \$285,389 resulting in a purchased water adjustment of \$0.95 per 1,000 gallons.

¹ KRS 278.012; 807 KAR 5:068.

5. The purchased water adjustment factor of \$0.95 per 1,000 gallons is fair, just, and reasonable and should be approved.

6. Southeastern Water's application does not propose to apply the purchase water adjustment factor to its wholesale rate to the city of Burnside.

7. The water purchase agreement between Southeastern Water and Burnside provides that in the event of an increase in Somerset's rate for wholesale service, Southeastern Water will increase its rate for wholesale service to Burnside by the same amount.²

8. The Commission has stricken the provision of the water purchase agreement between Southeastern Water and Burnside that addressed increases in the wholesale rate due to increases in Somerset's wholesale rate.³

9. The purchased water adjustment factor should be applied to the rate for wholesale water service that Somerset charges Burnside for water service.

10. The rates in Appendix B are fair, just, and reasonable and should be approved for service rendered on or after August 1, 2012.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.95 per 1,000 gallons as calculated in Appendix A is approved.

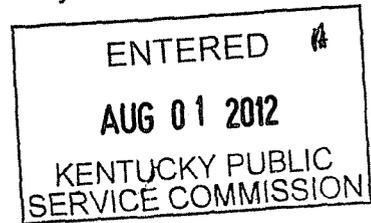
² Water Purchase Agreement between Southeastern Water Association and the City of Burnside, Kentucky at ¶ 14, http://www.psc.state.ky.us/tariffs/Water/Districts,%20Associations,%20&%20Privately%20Owned/South%20Eastern%20Water%20Association/Contracts/City%20of%20Burnside/2002-12-31_Water%20Purchase%20Agreement.pdf (last visited July 26, 2012).

³ Case No. 2007-00414, *Investigation into the Water Purchase Agreement between South Eastern Water Association, Inc. and the City of Burnside* (Ky. PSC Mar. 11, 2009).

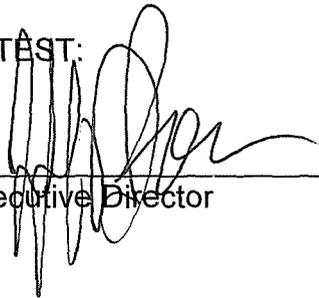
2. The rates in Appendix B are approved for service rendered on or after August 1, 2012.

3. Within 20 days of the date of this Order, Southeastern Water shall file with the Commission revised tariff sheets showing the rates approved herein.

By the Commission



ATTEST:



Executive Director

Case No. 2012-00204

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00204 DATED **AUG 01 2012**

	New Rate	Base Rate	
Southeastern Water			
Purchases in gallons	570,778,000	570,778,000	
Volumetric rate	<u>\$ 2.50/1,000</u>	<u>\$ 2.00/1,000</u>	
	\$ 1,426,945	\$ 1,141,556	
	Increased water cost		\$285,389
Increased water cost		\$ 285,389	
Divided by gallons sold /1,000		<u>300,235,235</u>	
Purchased water adjustment factor		\$0.95 per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00204 DATED **AUG 01 2012**

The following rates and charges are prescribed for the customers in the area served by Southeastern Water Association. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

<u>5/8" X 3/4" Meter</u>	
First 2,000 Gallons	\$25.15 Minimum Bill
Over 2,000 Gallons	10.90 Per 1,000 Gallons
<u>1" Meter</u>	
First 5,000 Gallons	\$57.85 Minimum Bill
Over 5,000 Gallons	10.90 Per 1,000 Gallons
<u>1 1/2" Meter</u>	
First 10,000 Gallons	\$112.35 Minimum Bill
Over 10,000 Gallons	10.90 Per 1,000 Gallons
<u>2" Meter</u>	
First 20,000 Gallons	\$221.35 Minimum Bill
Over 20,000 Gallons	10.90 Per 1,000 Gallons
<u>3" Meter</u>	
First 30,000 Gallons	\$330.35 Minimum Bill
Over 30,000 Gallons	10.90 Per 1,000 Gallons
<u>4" Meter</u>	
First 50,000 Gallons	\$548.35 Minimum Bill
Over 50,000 Gallons	10.90 Per 1,000 Gallons
<u>6" Meter</u>	
First 100,000 Gallons	\$1,093.35 Minimum Bill
Over 100,000 Gallons	10.90 Per 1,000 Gallons
City of Burnside	\$3.69 Per 1,000 Gallons

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